



**Louisville Gas and Electric Company**  
220 West Main Street  
PO Box 32010  
Louisville, Kentucky 40232

January 22, 2004

Mr. Thomas Dorman, Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40602

RECEIVED

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REG. COMPL.

Dear Mr. Dorman:

In compliance with the Commission Order and Settlement Agreement in Case No. 2002-00430, Louisville Gas & Electric Company herewith files the Merger Surcredit status report for the first through the sixth (6 months) distribution years and the Balancing Adjustment with supporting calculations. See attached.

A Merger Surcredit Factor of 2.909% will be applied to bills rendered for Year 6 beginning with the February 2004 cyclical billings.

Yours very truly,

A handwritten signature in cursive script that reads "F. Howard Bush/meg".

F. Howard Bush  
Manager, Regulatory Compliance

Attachment

# LOUISVILLE GAS AND ELECTRIC COMPANY

## Kentucky Retail Jurisdiction

Status Report	Net Savings to be Distributed	Actual Merger Surcredit Distributed	Over/(Under) Payment of Merger Surcredit
Year 1	\$6,183,320	\$6,321,767	
Year 2	\$9,018,830	\$8,590,759	
Year 3	\$12,168,065	\$11,627,280	
Year 4	\$13,355,755	\$13,265,160	
Year 5	\$14,702,775	\$15,750,670	
Year 6 (Jul-Dec)	<u>\$8,474,985</u>	<u>\$9,547,846</u> (1)	
	\$63,903,730	\$65,103,482	\$1,199,752

Year 6 (Jan-Jun)		Merger Surcredit Factor	=	MS	+	BA
Line 1	Net Savings to be Distributed	\$9,570,270		\$9,570,270		
Line 2	Less One Month's Distribution at Annual Rate	\$1,503,771		\$1,503,771		
Line 3	Less Over/(Under) Payment Through Mid-Year 6	<u>\$1,199,752</u>				<u>\$1,199,752</u>
Line 4	Net Savings to be Distributed in Months 8 through 12	\$6,866,747		\$8,066,499		(\$1,199,752)
Line 5	Estimated Year 6 Ky Jurisdictional Sales	\$566,496,842		\$566,496,842		\$566,496,842
Line 6	Less 7/12 for Seven Month's Distribution	<u>\$330,456,491</u>		<u>\$330,456,491</u>		<u>\$330,456,491</u>
Line 7	Est. Revenues for Months 8 Through 12	\$236,040,351		\$236,040,351		\$236,040,351
Line 8	Year 6, Months 8 Through 12 Factor	2.909%		3.417%		-0.508%

Notes: (1) For the months July through December 2003, excludes merger credit paid to KIUC accounts that received one-time payments pursuant to the Commission Order in Case No. 2002-00430.